



THINK KENTUCKY

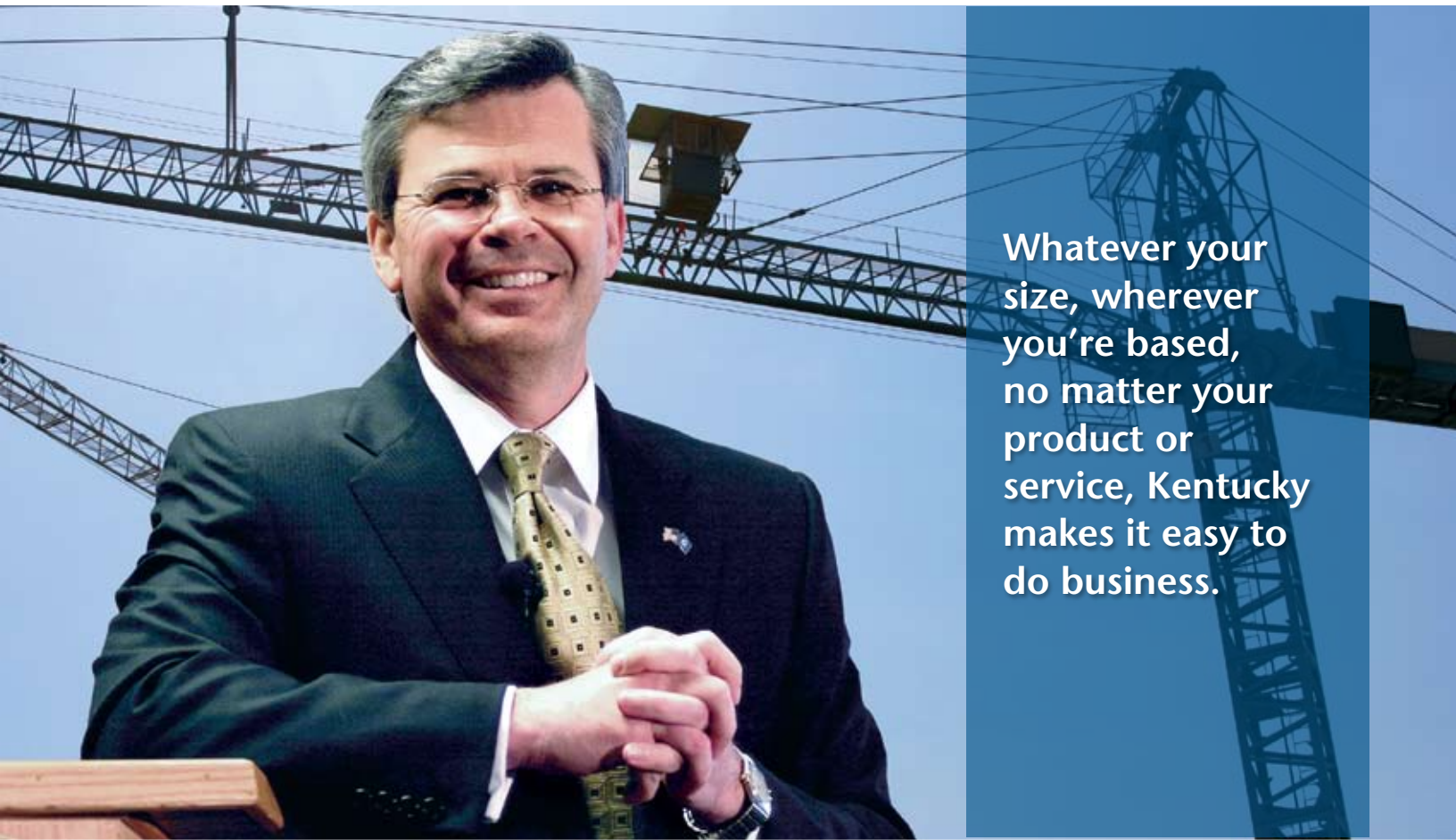
ISN'T IT TIME YOU TOOK A
CLOSER LOOK AT A WINNER?



Kentucky
UNBRIDLED SPIRIT™

Cabinet for Economic Development

www.ThinkKentucky.com



Whatever your size, wherever you're based, no matter your product or service, Kentucky makes it easy to do business.

Low cost, high quality, middle America

Kentucky is a richly diverse state. From the flatlands of Western Kentucky to the mountains of the east, from the bright lights of Louisville to the elegant wooden fences that line the legendary horse farms around Lexington, Kentucky's geography offers something for everyone.

The same goes for Kentucky business. Many

homegrown companies have become household names around the world – Humana, Lexmark, Papa John's, Louisville Slugger, KFC and Ashland among them. Others have adopted Kentucky in a big way, including Citigroup, GE, Fidelity, Amazon.com, Ford, GM and Toyota. We also put a heavy emphasis on our exciting cadre of small

businesses - the household names of tomorrow.

Whatever your size, wherever you're based, no matter your product or service, Kentucky makes it easy to do business. Here are some of the reasons:

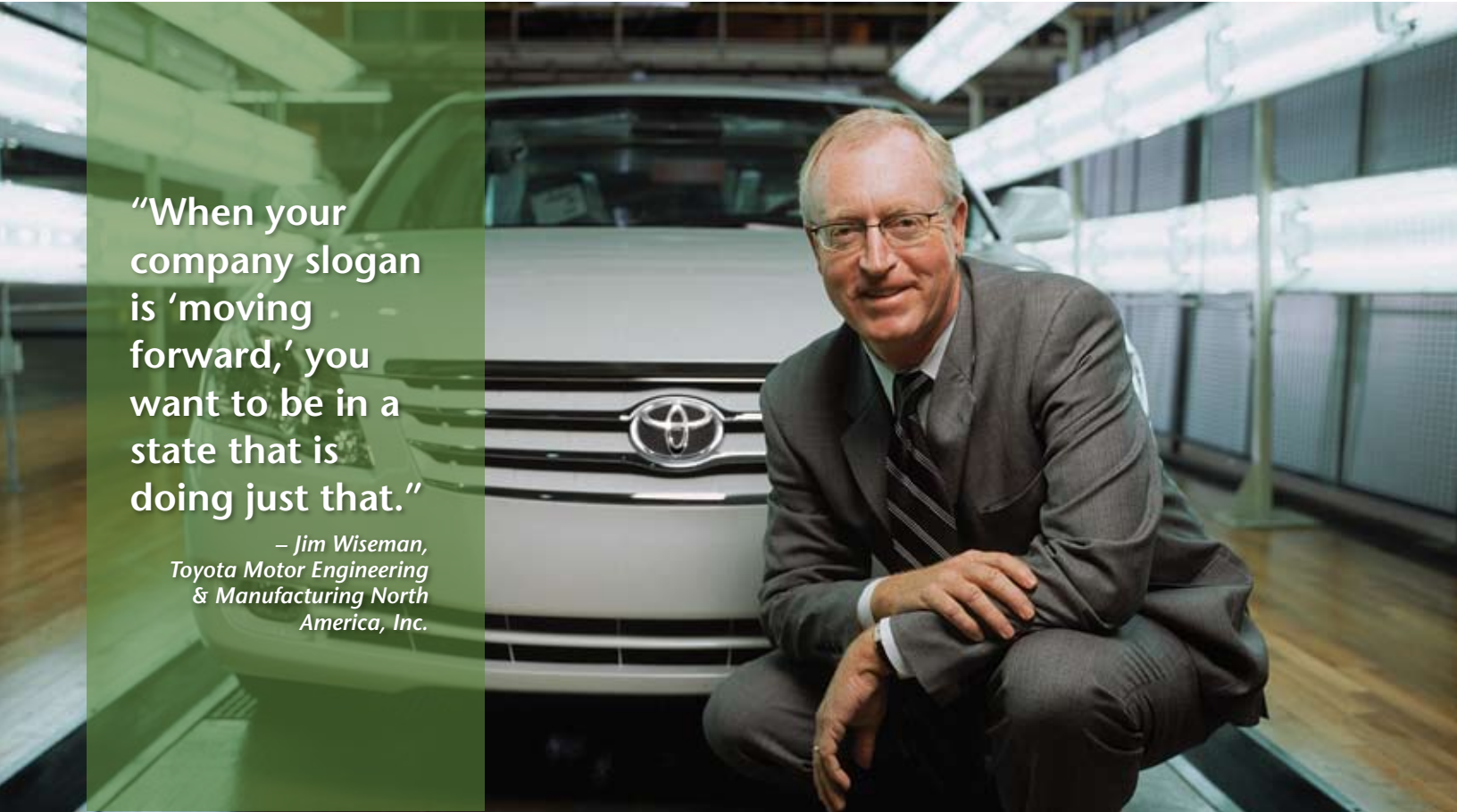
- **We're in the middle of everything.** Kentucky anchors the Upper South. We're at the southern end of the Midwest. We're not far from the East Coast. The fact is, Kentucky's borders are within 600 miles – about a day's drive – of two-thirds of America's population. That helps when you have to move product, meet with a customer, or close a sale.
- **We're a logistical dream.** Because UPS chose to locate its massive global air hub here, Kentucky businesses get a leg up over those in other states. The UPS hub means you can get products, papers and packages into the global stream of commerce later in the day – yet they reach their destinations sooner.
- **Our energy costs are low.** Year after year, Kentucky's industries pay the lowest rates for industrial electricity of any state in the nation.
- **Our workforce is ready.** *Expansion Management* magazine recently ranked Kentucky's workforce training program among the best in the nation. On top of that, our workforce consistently outperforms the national average for productivity.

- **Our quality of life is high.** Kentucky's beautiful countryside is the heart and soul of America's thoroughbred industry. Our music, crafts and fine arts are known around the world. Kentucky has 24 state recreational parks and 17 state resort parks, more than any other state.
- **Our people are second to none.** The friendly, hard-working people of Kentucky possess an unbridled spirit that can literally boost your bottom line. Gregg Morton, Site President of Citigroup's operations here, put it this way: "The people here are very genuine – a mix of Southern charm with Midwestern work ethic."
- **Our staff is smart, experienced and focused on business.** An independent board oversees the Kentucky Cabinet for Economic Development, helping insulate the Cabinet from politics. As a result, competent staff stay put when administrations change, allowing you to build relationships with people you trust.
- **Our incentives seal the deal.** Still on the fence? Kentucky has some of the most pragmatic financial incentives anywhere, and we can help guide you to the ones that will work best for your company.

Take a look at this brochure and learn more about Kentucky. Then give us a call when you want to get down to business.


Ernie Fletcher
Governor

Equal-opportunity proving ground

A photograph of a man in a grey suit and glasses, crouching in front of a silver Toyota car on an assembly line. The background shows the industrial setting of a factory with overhead lights and structural elements. A green semi-transparent box is overlaid on the left side of the image, containing a quote and attribution.

“When your company slogan is ‘moving forward,’ you want to be in a state that is doing just that.”

– Jim Wiseman,
Toyota Motor Engineering
& Manufacturing North
America, Inc.

Bolstered by huge demand for its automobiles in the United States, Toyota Motor Corporation was a hot commodity when it began scouting a home for its first American assembly plant in the mid-1980s. The offers came from far and wide.

After weighing all the options, Toyota decided to build its \$4 billion plant – its largest outside Japan – amid the rustic working horse farms near Georgetown.

The company was so delighted with the results that Kentucky rose to the top twice more when Toyota built its North American manufacturing headquarters and its North American Parts Center in Northern Kentucky.

And when the state legislature adopted Governor Fletcher’s tax modernization bill in 2005 – including financial incentives for environmentally friendly products – once again

Kentucky won out when Toyota selected the commonwealth as home for the new hybrid Camry.

Kentucky's central location is a big attraction, says Jim Wiseman, Vice President for Toyota Motor Engineering & Manufacturing North America, Inc. High workforce productivity is another. But Kentucky has something else that's hard to put your finger on. "Kentucky's in the upper tier when it comes to looking for ways to suit the customer," Wiseman says. "It's a can-do spirit that you don't find everywhere."

We have that same spirit for the small companies that provide most of our job growth. Lectordryer LLC, based in Richmond, Kentucky, has just 39 employees but serves nearly all the top 100 U.S. industrial firms. Its equipment removes water and other impurities from air, gases and liquids in just about every process imaginable, from oil refineries to NASA wind tunnels, from power generators to the U.S. mint.

The Kentucky Cabinet for Economic

Development has helped Lectordryer expand its global reach through market research, state-run trade shows, translations and other services. "The Cabinet is clearly an asset," says John McPhearson, one of Lectordryer's managing partners.

Whatever the size of your company, Kentucky has what it takes for you to succeed. In fact, *Site Selection* magazine has consistently ranked Kentucky in the Top 10 for overall competitiveness, placing us fourth in both 2005 and 2006, while Development Counsellors International also ranked our business climate among the Top 10.

Jim Medbery, Senior Vice President for the Binswanger Corporation in Atlanta and a man who has been involved in about 40 major plant locations in Kentucky, says the Bluegrass state "always rates as one of the most pro-business states out there."

Below left, a technician checks the electrical systems on a piece of solvent-drying equipment at Lectordryer.

Below, sunroof production workers at Webasto, which operates three facilities in Kentucky.



'Brown' + Bluegrass = more green

A lot of places can say they're centrally located. But Kentucky takes logistics to a new level. We've got UPS. We're not just close to America's population centers, we're close to the world.

Well over a million parcels move through the UPS Worldport global air hub in Louisville each day, bound for destinations all over the planet.

UPS is also moving in new directions, helping its corporate customers manage their supply chains, repair their products and even answer their phones.

This is one reason UPS has served as a catalyst for approximately 90 companies to either locate in Kentucky or expand their



"We've been extremely pleased with the relationship we've had with the state of Kentucky."

— John Hindman,
UPS Airlines



Above left, Zappos.com relocated its distribution center from California to Kentucky to be near the UPS hub.

Above, more than 1 million packages move through the UPS global air distribution hub in Louisville every day.

operations here in the past five years, investing more than \$1.2 billion and bringing more than 13,800 new jobs.

One such company is Zappos.com, the wildly popular online shoe retailer with a huge distribution center near Shepherdsville.

"The cutoff time makes a big difference," says Zappos CEO Tony Hsieh. "People are used to ordering something online and waiting two to three weeks for it to arrive." Because of UPS, Hsieh says, a Zappos customer can order shoes as late as midnight and receive them before the next workday ends.

UPS Worldport itself continues to grow at a staggering pace, with the company announcing in mid-2006 the second \$1 billion expansion in five years. The latest expansion will increase

sorting capacity by 60 percent (up to 487,000 packages per hour) and add 5,000 new employees to its Kentucky payroll.

"We've been extremely pleased with the relationship we've had with the state of Kentucky," says John Hindman, Vice President of Public Affairs for UPS Airlines. "We've helped the state and the community grow by attracting new companies to the state, and the state has made it more attractive for us to stay here and grow."

Working hand in hand with local government, Kentucky has provided land, built new infrastructure, offered tax incentives, and provided a top-notch workforce, all to ensure the growth of UPS and other businesses that rely on it.

Working Smarter for you



“Production workers and team leaders alike underwent training and the curriculum ranged from equipment maintenance training at a local technical college to in-house training at Toyotetsu.”

– Herb Krase (at left in photo)
Toyotetsu America

The cost of training workers can put a serious crimp in your company's bottom line. The Cabinet for Economic Development's Bluegrass State Skills Corporation (BSSC) can help make it smooth again.

We work closely with employers, the Kentucky Community and Technical College System and Kentucky Adult Education to train

workers in everything from basic computer skills, math and reading to problem solving, communications, and teamwork – as well as more industry-specific skills. We recognize that no two projects are the same. Our ability to provide the flexibility and customization that companies require sets us apart.

One large Kentucky automotive supplier has

saved more than \$112,000 by using BSSC to help train nearly half the 1,300 employees at its Somerset and Owensboro operations.

Herb Krase, Vice President of Administration for Toyotetsu America, says BSSC's assistance was critical – especially during start-up in the mid-1990s. "This is a time when companies are always in a very vulnerable spot as far as potentially losing money," Krase says.

In fiscal year 2005, BSSC awarded more than \$3.4 million in training grants to Kentucky employers and gave preliminary approval to another \$2.5 million in skills training investment credits.

But Krase says it's more than just the money. "BSSC is so versatile and flexible," he says. Production workers and team leaders alike underwent training, he says, and the curriculum ranged from equipment maintenance training at a local technical college to in-house training at Toyotetsu's facilities.

The Cabinet's help is one reason his company has been able to expand a half-dozen times in its first decade.

Another company, North American Stainless (NAS), says Kentucky's excellent training programs have allowed the \$1.4 billion Carroll County steelmaker to send staff to the parent company's home in Spain for hands-on instruction. "Thanks to the state's help, we're able to send some of our people from Kentucky over there to live for four to eight months and learn how to operate our newest equipment," says Mary Jean Riley, Vice President of Finance & Administration for NAS. "And then those people can come back and train more people here."

Expansion Management magazine ranked Kentucky's workforce training programs eighth among all state programs in 2006. It was the fourth straight year that Kentucky has ranked in the Top 10.

Below left, a worker is being instructed in-house on the use of a robotic welder at Toyotetsu.

Below, monitoring plant operations from the control room at North American Stainless.



Turning science into success

From pioneering artificial heart implants to performing the nation's first hand transplant, Kentucky has long been a leader in innovation and technology.

So it was no surprise when Kentucky found an innovative way for school children to help fight cancer. Private support and over \$2 million in state grants enabled the Kentucky DataSeam Initiative to donate thousands of computers for use in K-12 classrooms. When not in use by the

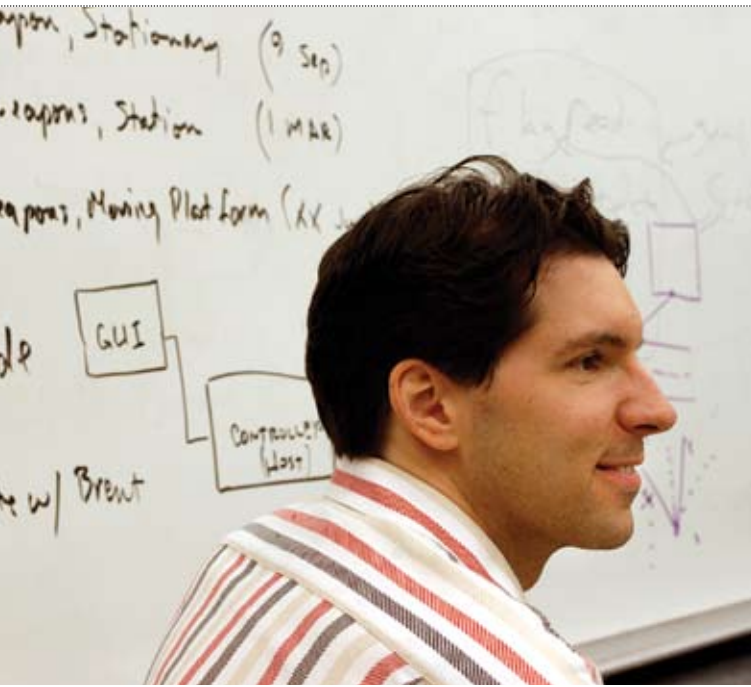
students, the computers serve as part of a unique statewide computing grid that greatly accelerates the rate at which researchers at Louisville's James Graham Brown Cancer Center can analyze millions of molecular combinations. Their work is making enormous strides toward developing drugs that target tumor growth.

Other Kentucky scientists and engineers are making breakthroughs in almost every area of science and technology, from nanoscale coatings



"Innovation is alive and well in Kentucky – from major scientific discoveries to the creative ways the state supports companies with new ideas and technologies."

*– John Trent, Ph.D.
James Graham Brown
Cancer Center*



Above left, developing an infrared targeting system that can track the path of a sniper's bullets, Dr. Daniel Lau from the Department of Electrical and Computer Engineering at the University of Kentucky is involved in a partnership with M2 Technologies of Versailles, Kentucky.

Above, Alltech, a global animal health company based in Kentucky, will build the world's first Center for Animal Nutrigenomics and Applied Animal Nutrition on its Nicholasville campus as part of an eventual 30,000 square foot research facility.

and improved farm animals to advanced helicopters and 3-D face scanners.

Kentucky is unsurpassed when it comes to providing a broad range of programs to assist high-tech entrepreneurs and businesses. Our network of Innovation and Commercialization Centers works with hundreds of small businesses across the state to help them obtain private funding and expert advice. As part of the 2000 Kentucky Innovation Act, Commonwealth Seed Capital LLC was created to help invest state funds in promising high-tech startup companies.

Kentucky is also working hard to ensure 100 percent broadband access by 2007 through our ConnectKentucky initiative, which is already

enabling high-tech businesses to thrive in areas both urban and rural.

There are also many incubators, accelerators, and technology parks across the state that provide affordable facilities and services to Kentucky businesses of all types and sizes.

Our Small Business Innovation Research Incentive Program is the nation's first to match both Phase 1 and Phase 2 federal SBIR and STTR awards to Kentucky businesses. We match Phase 1 awards up to \$100,000 to explore the technical merit or feasibility of an idea or technology, and we match up to the first \$500,000 of the Phase 2 federal awards that support full-scale research and development.

Experience you can trust



Most of our new-business project managers have been on the job for 10 or more years. You make one call to a knowledgeable veteran who will get you the information you need.

Playing musical chairs was fun when you were a kid. But when you're trying to find the right location for your business, you have no time for games.

That's why the Kentucky legislature created the Kentucky Economic Development

Partnership Board in 1992. With representatives from both the public and private sectors, the board oversees the Cabinet for Economic Development, independent of the push and pull of politics.

Most of our new-business project



Above, our professionals take economic development in Kentucky seriously and will roll out the red carpet for you. Regular visits to established businesses are part of our ongoing services.

managers have been on the job for 10 or more years. So rather than wasting time getting to know an all-new staff with every change of the guard, you make one call to a knowledgeable veteran who will get you the information you need. No more musical chairs.

Sunroof maker Webasto Roof Systems says Kentucky gets it done. "Kentucky didn't roll out the red tape, they rolled out the red carpet," says Fred Olson, President and CEO. "Their people are extremely cooperative, they provided a lot of assistance, and they helped us get a lot of things done quickly."

Which is why Webasto started with a plant

in Lexington in 1998 and has since added two more facilities. "We've had nothing but good experience after good experience after good experience," Olson says. "The people there take economic development in the state of Kentucky extremely seriously. They don't pay it lip service; they work hard to make it a fact."

Site consultant Jim Medbery agrees. "From my personal experience, there has been very good, strong continuity among Kentucky's economic-development group," he says. "And the quality of service they provide is excellent. They're really intelligent, bright, pro-business people. They're just great to work with."

Living here? That's the **best part**

"A lot of it was the quality of life...all those things were important to us, things we didn't have to worry about."

— Junior Bridgeman
Bridgeman Foods



So it's clear Kentucky has what it takes for your business to succeed. But what's it like to live here?

That's the best part, says Ulysses "Junior" Bridgeman. A native of East Chicago, Ind., Bridgeman is one of the most accomplished men in all of basketball. He was an All-American in college, having led the University of Louisville to the NCAA Final Four in 1975. He went on to a brilliant 12-year career in the NBA, 10 of those with the Milwaukee Bucks, who honored him by

retiring his number when he left the game in 1987.

Bridgeman's accomplishments off the court are just as impressive. His restaurant business, Bridgeman Foods, employs 1,200 people and owns 161 Wendy's franchises in five states, as well as eight Chili's restaurants – with many more in the works.

Two decades ago Bridgeman and his wife, Doris, systematically worked through a list of possible places to live. Having grown up near

Chicago, playing pro ball in Milwaukee and Los Angeles, and traveling frequently, Bridgeman knows what America has to offer. He and Doris agreed they would settle in Kentucky. Bridgeman says they would make the same choice today.

“A lot of it was the quality of life, the ease of getting around, having the kind of neighborhoods where the kids could grow up, with friends down the street where they could run out your door and go over to their house and play – all those things were important to us, things we didn’t have to worry about,” Bridgeman says. “And really, the economic part of it just kind of happened on its own.”

Bridgeman says he was pleased with the education his three children received in the Jefferson County Public Schools. “My son was in a private elementary school when we lived in Los Angeles,” he says. “It had a really good reputation. And yet when we moved to Louisville and we enrolled him in public school, he was behind.”

Parks, recreation and beauty

Kentucky’s natural beauty is unsurpassed, ranging from the mountainous east to the lake-studded west and south. Visitors to Kentucky state parks enjoy boating, golf, fishing, hiking, BMX biking, and more.

Lake Cumberland has more shoreline than the coast of Florida, while nearly 2 million people a year from all over the world visit the 170,000-acre Land Between the Lakes National Recreation Area. Cumberland Gap National Historical Park, where the legendary pioneer

Daniel Boone first passed in 1769 on his journey west, is headquartered at Middlesboro, Kentucky – a charming city settled in the remarkably flat crater left by an ancient meteorite.

Other facts about Kentucky

- Per-capita state and local property taxes are the 6th lowest in the nation. (*Morgan Quitno State Rankings 2006*)
- Median value of owner-occupied housing in 2004 ranked 10th lowest nationally, approximately 35 percent below the national average. (*Morgan Quitno State Rankings 2006*)
- Rapid advances in education at all levels. “Quality Counts,” a publication of *Education Week*, gives Kentucky an A in Standards and Accountability (2005).
- In *Expansion Management’s* 2006 Quality of Life Quotient Rankings, both Lexington and Evansville-Henderson (Ky.-Ind.) were ranked as 5-Star Quality of Life Communities, while Bowling Green, Cincinnati (Ohio-Ky.-Ind.), Louisville and Owensboro were ranked as 4-Star Communities.
- Among large metropolitan areas in the United States, Louisville offers the best features for relocating families, according to Worldwide ERC and Primary Relocation (2006).
- According to 2003 American Community Survey, Lexington ranks as the tenth most highly educated city in the nation, based on the number of adults with a bachelor’s degree or higher.

Kentucky Cabinet for Economic Development
300 West Broadway
Frankfort, Kentucky 40601
(800) 626-2930



Cabinet for Economic Development

www.ThinkKentucky.com